United Nations S/2005/163

Security Council

Distr.: General
15 March 2005

Original: English

Letter dated 28 February 2005 from the Chairman of the Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism addressed to the President of the Security Council

I write with reference to my letter of 16 December 2004 (S/2004/1010). The Counter-Terrorism Committee has received the attached fourth report from Sri Lanka submitted pursuant to paragraph 6 of resolution 1373 (2001) (see annex). I would be grateful if you could arrange for the present letter and its annex to be circulated as a document of the Security Council.

(*Signed*) Andrey I. **Denisov**
Chairman
Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism

05-27822 (E) 120405

Annex

Letter dated 28 February 2005 from the Acting Permanent Representative of Sri Lanka to the United Nations addressed to the Chairman of the Counter-Terrorism Committee

I have the honour to refer to your letter of 29 November 2004 and to transmit herewith responses of the Government of Sri Lanka to the communication received from the Counter-Terrorism Committee (see enclosure).

(*Signed*) B. A. B. **Goonatilleke**
Ambassador
Acting Permanent Representative of Sri Lanka to the United Nations

Enclosure

Response of the Government of Sri Lanka to the Communication received from the Counter Terrorism Committee (CTC) dated 29 Nov. 2004

1. Implementation measures.

1.1 Money Laundering Act and the Financial Transactions Reporting Act

These two items of legislation are currently being finalized by the Central Bank of Sri Lanka in consultation with relevant line agencies. While the two drafts have reached an advanced stage of finalization, wide-ranging discussions are being held with key stake holders, such as the Banking and law enforcement sectors and the legal profession, with a view to improving the draft.

The US Treasury and the Central Bank co-hosted two seminars in June 2004 and February 2005. The Seminar/Workshop hosted by the US Treasury's Office of Technical Assistance (OTA) were designed to cater to Sri Lankan officials responsible for enforcing Money Laundering Laws and Countering Terrorist Financing. The participation in this Workshop included senior officials of the Central Bank, Ministries of Justice, Finance and Foreign Affairs, the Attorney Generals' Department, Police and Customs Departments, Officers of Securities and Exchange Commission, the Commission to investigate allegations of Bribery or Corruption and officers of the Legal Draftsman's Department, as well as representatives from licensed Commercial banks and licensed Specialized banks.

The Workshop covered a range of issues such as best practices covering receipt and analysis of reports, including data processing, Financial Intelligence Unit procedures for referral of cases to investigating agencies, Money Laundering Investigations and assets forfeiture. Particular attention was paid to all aspects of "know your customer principle" and need for "due diligence" in respect of transactions of banking and non-banking institutions. The regulatory aspects and the duties of

investigation units of anti money laundering enforcement agencies were also discussed in detail.

The recommendations which were made at the conclusion of this workshop are being examined with a view to improving the draft Money Laundering and Financial Transactions Reporting Laws.

A Seminar on the draft legislation sponsored by the Bar Association of Sri Lanka was also held in September 2004, to engage the legal profession in an in-depth discussion on key issues relating to the draft legislation. These inter-actions are expected to have a positive impact on the final draft to be presented to Parliament.

Act to give effect to the International Convention for the Suppression of Financing of Terrorism

The draft Act giving effect to the International Convention for Suppression of Financing of Terrorism has been finalized and awaiting the final approval of the Attorney General, with regard to its consistency with the Constitution. Upon receipt of such approval the final draft will be submitted to the Cabinet of Ministers seeking approval for presentation to Parliament.

Immigration Law

There has been no further progress on the new Immigration Law since the last Report.

1.2. The question of a comprehensive law to give effect the UN Convention against Transnational Organized Crimes and its Protocols is being pursued with the Ministry of Justice & Judicial Reforms which is in charge of this subject.

1.3. The Mutual Legal Assistance in Criminal Matters Act No.25 of 2002 is structured with a view, inter-alia, to giving effect to the Commonwealth Scheme for Mutual Legal Assistance in criminal matters, which on the basis of commonality of legislation in Commonwealth countries, dispenses with the requirement of a treaty for purposes of rendering mutual legal assistance. The Act also provides for Agreements to be entered into with non Commonwealth countries, for the purpose of rendering mutual legal assistance in criminal matters. However, Sri Lanka will, on case by case basis, consider requests for mutual legal assistance made by non-Commonwealth countries, even without such a treaty on an ad-hoc basis, where the requesting State and Sri Lanka are State Parties to a multilateral treaty which requires the rendering of such mutual assistance.

1.4. Progress report on Negotiations

Mutual Legal Assistance Agreements have been signed with Thailand and Pakistan while the Agreements negotiated with Hong Kong SAR and the Russian Federation are awaiting signature.

Several other negotiations including with the United Arab Emirates (UAE) are envisaged during the current year.

International Conventions on Terrorism

While Sri Lanka is a Party to ten out of the twelve Conventions in the field of the Suppression of Terrorism, it is still not a Party to the Physical Protection of Nuclear Material Convention and the Protocol to the Convention on Suppression of Unlawful Acts against the Safety of Fixed Platforms. This matter is still under examination.

2. Assistance and Guidance

The Central Bank of Sri Lanka is pursuing with the World Bank for assistance in respect of the proposed Financial Intelligence Unit. The assistance package would cover, inter-alia training of officers, financial assistance particularly in the purchase of appropriate software.

Moreover, the US Treasury officials have also assured the Central Bank that they would be conducting training programmes in the future on the proposed legislation, primarily to enhance knowledge on implementation.

United Nations S/2005/164

Security Council

Distr.: General
15 March 2005

Original: English

Letter dated 3 March 2005 from the Chairman of the Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism addressed to the President of the Security Council

I refer to my predecessor's letter of 11 June 2003 (S/2003/649). The Counter-Terrorism Committee has received the attached interim third report from Nauru submitted pursuant to paragraph 6 of resolution 1373 (2001) (see annex). I would be grateful if you could arrange for the present letter and its annex to be circulated as a document of the Security Council.

(*Signed*) Andrey I. **Denisov**
Chairman
Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism

05-27828 (E) 120405

Annex

Letter dated 10 February 2005 from the Permanent Representative of Nauru to the United Nations addressed to the Chairman of the Counter-Terrorism Committee

I have the honour to transmit the Republic of Nauru's interim third report, which outlines new laws passed towards the end of 2004 relating to Nauru's effort to comply with Security Council resolution 1373 (2001), United Nations conventions on terrorism and the FATF 40 recommendations on anti-money-laundering and eight special recommendations to combat the financing of terrorism (see enclosure).

As I have indicated in the interim report, the National Coordinating Committee is in the process of preparing Nauru's substantive response to the questions raised by the Committee in its letter of 6 June 2003.

(*Signed*) Vinci N. **Clodumar**
Ambassador
Permanent Representative

Enclosure*

Report to the Counter-Terrorism Committee in response to its letter dated 6 June 2003

Interim third report

Implementation Measures

Paragraph 1.2

The purpose of this interim report is to transmit to the Counter-Terrorism Committee the newly enacted laws referred to in Nauru's second report on page 3 and which the CTC has requested under its paragraph 1.2 of its letter the status of legislative action.

In the latter part of 2004, the Government of Nauru enacted through Parliament new laws to implement the enforcement, within national jurisdiction, of international laws to relating to the combating of terrorism, transboundary organised crimes and against money laundering pursuant to the United Nations Conventions on Terrorism, Security Council resolution 1373 (2001) and the Financial Action Task Force (FATF) 40 Recommendations against Financing of Terrorism, respectively. The following are the new laws:

Corporation (Amendment) Act 2004 (Certified on 6th September 2004)

To amend and repeal, as the case maybe, of certain provisions of the Corporation (Amendment) Act of 2003. The Act extinguished the power of the Minister to grant, renew or repeal licenses to corporations and foreign corporations to carry on the business of banking; any existing licenses shall expire and be voided at the end of 30 days from after the commencement of the Act (that is 30 days after 6th September 2004).

Anti Money Laundering Act 2004 (Certified on 6th September 2004)

For the purpose of renewing the Anti-Money Laundering Act 2003 to prevent money laundering; to establish a Financial Investigation Unit and regime for financial transactions reporting; customer due diligence, record keeping and other obligations of financial institutions; to strengthen law enforcement and enable co-operation with foreign States, and for related purposes.

* Additional information is on file with the Secretariat and is available for consultation.

Counter Terrorism and Transnational Organised Crime Act 2004 (Certified on 3rd November 2004)

To prevent terrorists from operating in Nauru; and to prevent persons in Nauru from taking part in or supporting terrorists and related activities.

Proceeds of Crimes Act 2004 (Certified on 3rd November 2004)

To provide for the confiscation of the proceeds of serious offences.

Mutual Assistance in Criminal Matters Act 2004

To make provision for mutual international assistance in criminal matters.

The Government of the Republic of Nauru through the newly formed National Coordinating Committee on Anti Money Laundering and Countering the Financing of Terrorism (NCC on AML/CTF) will prepare the substantive response to the questions raised in the CTC's letter of 6 June 2003. However, it would be appropriate to say that the questions raised by the CTC were helpful in providing the area of focus in the course of drafting the new legislations. The terms of reference of the NCC is enclosed in the CD for the information of the Committee.

It is anticipated that the third report would be transmitted sometime in March 2005.